

Message Text

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ORIGIN PM-03

INFO OCT-01 ARA-06 ISO-00 NSC-05 SP-02 SS-15 L-03 CIAE-00

INR-07 NSAE-00 AID-05 EB-07 TRSE-00 OMB-01 PRS-01

ACDA-05 MC-02 /063 R

DRAFTED BY PM/SAS: ASKOCHANNEK/LD

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ARA/PLC - MR. WILLIAMS

DOD/DSAA - CMDR. MOORE

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R 270115Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO SECDEF WASHDC

CNO WASHDC

USCINCSO

USDEL JBUSMC RIO DE JANEIRO

C O N F I D E N T I A L STATE 151738

E.O. 11652: GDS

TAGS: MASS, BR

SUBJECT: SHIP TRANSFERS TO BRAZIL

REFS: A) BRASILIA 5046 B) CNO DTG 172138 JAN 75

C) STATE 143291 D) BRASILIA 5000

1. FOLLOWING ARE DEPARTMENT'S COMMENTS ON REFTEL (A):
ORIGINAL PROPOSAL, WHICH WAS APPROVED IN PRINCIPLE BY
WASHINGTON AGENCIES, WAS FOR SALE UNDER FMS OF TWO GEARING
CLASS FRAM I DESTROYERS (WITHOUT ASROC LAUNCHERS) WITH TIM-
ING OF TRANSFERS SUBJECT TO CERTAIN CONDITIONS SUCH AS CON-
GRESSIONAL APPROVAL AND NEEDS OF US NAVY. EMBASSY AND
BRAZILIAN REPS HERE WERE INFORMED OF EXECUTIVE BRANCH AP-
PROVAL OF FOREGOING IN JANUARY (REFTEL B). TO OUR
KNOWLEDGE, NO COMMITMENT WAS EVER MADE TO PROVIDE DE-
STROYERS ON CREDIT.

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2. WE CAN UNDERSTAND THAT GOP SENSITIVE ABOUT ANY SIGN OF

ALLEGED PUNITIVE ACTION AS RESULT OF FISHING BOAT SEIZURES. HOWEVER, WE BELIEVE RECORD CAN SHOW THAT PUNITIVE ACTION FOR SEIZURES IS NOT BASIS FOR EXECUTIVE BRANCH CASH VS. CREDIT DECISION. FIRST, DISCUSSION ON DESTROYERS FOCUSED FROM OUTSET ON SALE RATHER THAN CREDIT. SECOND, OUR POLICY SINCE 1972 HAS BEEN TO TRANSFER VESSELS UNDER FMS CASH PROCEDURES UNLESS EXCEPTIONAL CIRCUMSTANCES PREVAILED. NONE OF THE VESSELS CURRENTLY BEING CONSIDERED FOR TRANSFER ARE BEING TRANSFERRED UNDER FMS CREDIT.

3. WE HAVE PROBLEMS WITH CONCEPT (PARA 2 REFTEL (A) OF LETTING SHIP TRANSFER DISCREETLY SLIP TO 4TH QUARTER OF FY 76 (PARA 2 REFTEL (A)). FIRST, THERE ARE SUBSTANTIAL PRACTICAL DIFFICULTIES IN CONTROLLING TIMING OF CONGRESSIONAL CONSIDERATION ONCE LEGISLATION IS PROPOSED. SECOND, DELAY OF THE BRAZILIAN REQUEST INCREASES THE PROBABILITY THAT THE BRAZIL TRANSFER WILL BE SEPARATED FROM THE MANY OTHER SHIP TRANSFERS NOW BEING PROPOSED. THIS WILL ONLY FOCUS MORE ATTENTION ON BRAZIL AND INCREASE THE RISK OF DEFEAT OF THE PROPOSAL. FINALLY, 1976 IS AN ELECTION YEAR. THE LONGER WE DELAY SUBMISSION, THE GREATER THE RISK THAT CONGRESS WILL ADJOURN WITHOUT ACTING ON THE REQUEST.

4. ONE OF OUR MAJOR PROBLEMS WITH THE BRAZIL PROGRAM HAS BEEN FINDING SUFFICIENT CREDIT TO MEET BRAZIL'S GROWING DEFENSE NEEDS. THERE IS NO SHORTAGE OF HIGH PRIORITY, SUBSTITUTE PROPOSALS TO BE FINANCED BY CREDIT. WE DO NOT BELIEVE IT IS IN OUR INTEREST TO FURTHER COMPLICATE AN ALREADY COMPLEX PROBLEM BY INTRODUCING AN ISSUE (I.E., CREDIT) WHICH NEED NOT BE AN ISSUE. KISSINGER

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